

# **Burberry (No. 1) Unlimited**

**Registered Number: 4452028**

**Directors' report and Accounts**

**For the year to 31 March 2008**

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# **Burberry (No. 1) Unlimited**

## **Directors' report for the year to 31 March 2008**

The directors submit their report and the audited financial statements for the year to 31 March 2008.

### **Principal activities and business review**

The company is a wholly owned subsidiary of Burberry Group plc, its principal activity is to act as a financing company. There have been no significant changes in the company's principal activity in the year under review. The directors do not intend, at the date of this report, that there will be any major changes in the company's activities in the next year.

The balance sheet on page 5 of the financial statements shows that the company's financial position at the year end is, in net assets, consistent with the prior year.

The Group manages its operations on a divisional basis. For this reason, the company's directors believe that analysis using key performance indicators for the company is not necessary or appropriate for an understanding of the development, performance or position of the business. The performance of the financing companies of Burberry Group plc, which includes the company, is discussed in the Group's Annual Report which does not form part of this report.

### **Principal risk and uncertainties**

The directors of Burberry Group plc manage the risks of the Burberry Group (the Group) at a group level, rather than at an individual business unit level. For this reason, the Company's directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of the Company's business. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's 2008 Annual Report which does not form part of this report.

### **Results and dividends**

The company's loss for the year is £2,028,242 (2007 profit: £5,160,715). This amount has been transferred to reserves. The directors do not recommend the payment of a dividend (2007:£nil).

### **Policy in relation to payment of suppliers**

The company has no external suppliers and therefore there are no trade creditors at the year end from which to calculate creditor days.

### **Provision of information to auditors**

In accordance with the provisions of the Companies (Audit, Investigations and Community Enterprise) Act 2004 amending the Companies Act 1985, each of the Company's directors in office as at the date of this report confirms that:

- so far as the directors are aware, there is no relevant audit information of which the auditors are unaware, and
- he or she has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

# Burberry (No. 1) Unlimited

## Directors' report for the year to 31 March 2008 (continued)

### Directors

The directors who held office during the year were as follows:

S L Cartwright

C A Fairweather

E G Foa (resigned 13 April 2007)

E P Barker (appointed 12 November 2007 resigned 31 March 2008)

M N C Mahony (appointed 4 March 2008)

### Statement of directors' responsibilities

The directors are responsible for preparing financial statements for each financial year, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

The company has passed elective resolutions dispensing with the need to hold an Annual General Meeting and annually reappoint auditors. Accordingly, PricewaterhouseCoopers LLP are deemed to have been re-appointed as auditors for the forthcoming year.

By order of the board 5 December 2008



C A Fairweather  
Director

# Burberry (No. 1) Unlimited

## Independent auditors' report to the members of Burberry (No. 1) Unlimited

We have audited the financial statements of Burberry (No. 1) Unlimited for the year ended 31 March 2008 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.



**PricewaterhouseCoopers LLP**

Chartered Accountants and Registered Auditors

London

10 December 2008

## Burberry (No. 1) Unlimited

### Profit and loss account for the year to 31 March 2008

	Note	2008 £	2007 £
Administrative expenses	2	(1,300)	(1,300)
<b>Operating loss</b>		<b>(1,300)</b>	<b>(1,300)</b>
Interest receivable	3	9,739,242	7,567,941
Interest payable	4	(2,483,410)	(1,353,488)
Foreign exchange (loss)/gain		(10,152,021)	1,159,297
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(2,897,489)</b>	<b>7,372,450</b>
Taxation on loss/(profit) on ordinary activities	5	869,247	(2,211,735)
<b>(Loss)/profit on ordinary activities after taxation and retained profit for the year</b>	11, 12	<b>(2,028,242)</b>	<b>5,160,715</b>

The notes on pages 6 to 9 form part of these financial statements.

The above activities relate to continuing operations.

The company had no recognised gains or losses during the year other than those reflected in the above profit and loss account.

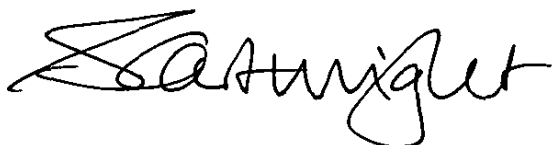
# Burberry (No. 1) Unlimited

## Balance sheet as at 31 March 2008

	<i>Note</i>	2008 £	2007 £
<b>Non Current assets</b>			
Debtors – amounts falling due after one year	6	-	161,533,900
<b>Current assets</b>			
Debtors – amounts falling due within one year	7	205,774,546	-
<b>Current liabilities</b>			
Creditors – amounts falling due within one year	8	(85,272,440)	(5,630,345)
<b>Net current assets/(liabilities)</b>		120,502,106	(5,630,345)
<b>Total assets less current liabilities</b>		120,502,106	155,903,555
<b>Non current liabilities</b>			
Creditors - amounts falling due after one year	9	-	(45,360,205)
<b>Net assets</b>		120,502,106	110,543,350
<b>Capital and reserves</b>			
Called up share capital	10	115,099,984	103,112,986
Profit and loss account	11	5,402,122	7,430,364
<b>Equity Shareholders' Funds</b>	12	120,502,106	110,543,350

The notes on pages 6 to 9 form part of these financial statements.

Approved by the board on 5 December 2008



**S L Cartwright**  
Director

# **Burberry (No. 1) Unlimited**

## **Notes to the financial statements for the year to 31 March 2008 (continued)**

### **1 Accounting policies**

The principal accounting policies of the company are:

#### **(a) Basis of accounting**

These financial statements have been prepared on the going concern basis under the historical cost convention, and in accordance with applicable accounting standards in the United Kingdom, which have been applied on a consistent basis.

#### **(b) Foreign currency**

Transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies, which are held at period end are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange differences on monetary items are taken to the profit and loss account. The principal average exchange rate used for translating euros into sterling was 1.42 (2007: 1.49) and the closing rate was 1.26 (2007:1.47).

#### **(c) Cash flow statement and related party disclosures**

The company is a wholly owned subsidiary of Burberry Group plc and is included in the consolidated financial statements of Burberry Group plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 ("FRS 1") (revised 1996).

The company is also exempt under the terms of Financial Reporting Standard 8 ("FRS 8") from disclosing related party transactions with entities that are part of the Burberry Group.

### **2 Result for the year**

No directors received any remuneration from the company during the year to 31 March 2008 (2007: £nil).

No employee costs are included in these financial statements. The auditors received remuneration of £1,300, (2007: £1,300).

### **3 Interest receivable**

Interest receivable represents interest on loans to other group companies.

### **4 Interest payable**

Interest expense represents interest on loans from other group companies.

## Burberry (No. 1) Unlimited

### Notes to the financial statements for the year to 31 March 2008 (continued)

#### 5 Taxation on (loss)/profit on ordinary activities

The corporation tax (credit)/charge are based on the taxable (loss)/profit for the year and comprises:

Current tax	2008 £	2007 £
Corporation tax at 30% (2007: 30%)	(869,247)	2,211,735

#### Factors affecting tax charge for the year

	2008 £	2007 £
(Loss)/profit on ordinary activities before tax	(2,897,489)	7,372,450
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2007: 30%)	(869,247)	2,211,735
<b>Total current tax</b>	<b>(869,247)</b>	<b>2,211,735</b>

From 1 April 2008, the standard rate of corporation tax in the UK will decrease to 28%.

#### 6 Debtors – amounts falling due after one year

	2008 £	2007 £
<b>Amounts falling due after one year</b>		
Amounts due from group undertakings	-	161,533,900
<b>Total</b>	<b>-</b>	<b>161,533,900</b>

In the prior year amounts due from group undertakings after one year consisted of six loans and associated interest. A loan of a principal of £4,980,909 was unsecured, received interest at LIBOR plus 0.325% and was repayable on 28 August 2008. A loan of a principal of £98,597,785 was unsecured received interest at LIBOR plus 0.325% and was repayable on 26 September 2008. A loan of a principal of £21,329,233 was unsecured received interest at LIBOR plus 0.325% and was repayable on 26 September 2008. A loan of a principal of £667,994 was unsecured received interest at LIBOR plus 0.325% and was repayable on 18 December 2008. A loan of a principal of £11,120,876 was unsecured received interest at LIBOR plus 0.55% and was repayable on 18 December 2008. A loan of a principal of £10,935,240 was unsecured received interest at LIBOR plus 0.325% and was repayable on 18 December 2008.



# Burberry (No. 1) Unlimited

## Notes to the financial statements for the year to 31 March 2008 (continued)

### 7 Debtors – amounts falling due within one year

	2008 £	2007 £
<b>Amounts falling due within one year</b>		
Amounts receivable from fellow subsidiaries in respect of group tax relief	1,056,643	-
Amounts receivable from group undertakings	204,717,903	-
<b>Total</b>	<b>205,774,546</b>	<b>-</b>

Amounts due from group undertakings consist of various loans and associated interest. A loan of a principal of £4,980,909 is unsecured, receives interest at LIBOR plus 0.325% and is repayable on 28 August 2008. A loan of a principal of £98,597,785 is unsecured receives interest at LIBOR plus 0.325% and repayable on 26 September 2008. A loan of a principal of £30,642,789 is unsecured receives interest at LIBOR plus 0.325% and repayable on 26 September 2008. All three loans, above, have been rolled forward for a period of 12 months from the maturity dates.

A loan of a principal of £11,560,588 is unsecured receives interest at LIBOR plus 0.325%, was repaid on 1 April 2008.

A loan of a principal of £667,994 is unsecured receives interest at LIBOR plus 0.325% and repayable on 18 December 2008. A loan of a principal of £11,120,876 is unsecured receives interest at LIBOR plus 0.55% and repayable on 18 December 2008. A loan of a principal of £10,935,240 is unsecured receives interest at LIBOR plus 0.325% and repayable on 18 December 2008.

### 8 Creditors - amounts falling due within one year

	2008 £	2007 £
Accruals	1,300	1,300
Amounts due to group undertakings	85,271,140	4,557,296
Amounts payable to fellow subsidiaries in respect of group tax relief	-	1,071,749
	<b>85,272,440</b>	<b>5,630,345</b>

Amounts due to group undertakings consist of £5,817,743 interest free loan which is payable on demand and is unsecured. The balance consists of two loans and associated interest. The first loan has a principal of £34,238,149 which is unsecured, incurs interest at EURIBOR plus 0.325% and is repayable on 18 December 2008. The other loan of principal £11,122,056 is also unsecured, incurs interest at EURIBOR plus 0.325% and is repayable on 26 September 2008, the loan has now been rolled forward and is now payable on 26 September 2009.

### 9 Creditors - amounts falling due after one year

	2008 £	2007 £
Amounts due to group undertaking	-	45,360,205

In the prior year amounts due to group undertakings consist of two loans and associated interest. One loan of principal £34,238,149 is unsecured, incurs interest at EURIBOR plus 0.325% and is repayable on 18 December 2008. The other loan of principal £11,122,056 is also unsecured, incurs interest at EURIBOR plus 0.325% and is repayable on 26 September 2008.

# Burberry (No. 1) Unlimited

## Notes to the financial statements for the year to 31 March 2008 (continued)

### 10 Called up share capital

	2008 Number	2007 Number	2008 £	2007 £
<b>Authorised</b>				
Ordinary shares of £1 each	200,000,000	200,000,000	200,000,000	200,000,000
<b>Allotted, issued and fully paid</b>				
Ordinary shares of £1 each				
As at 1 April			103,112,986	103,112,986
Issued during the year			11,986,998	-
<b>As At 31 March</b>			<b>115,099,984</b>	<b>103,112,986</b>

All shares are issued for cash at par. No expenses were incurred in issuing these ordinary shares.

### 11 Reserves

	Profit and loss account £
As at 1 April 2007	7,430,364
Retained loss for the year	(2,028,242)
<b>As at 31 March 2008</b>	<b>5,402,122</b>

### 12 Reconciliation of movement in Shareholders' Funds

	2008 £	2007 £
Retained (loss)/profit for the year	(2,028,242)	5,160,715
Shares issued in the year	11,986,998	-
Net addition to Shareholders' Funds	9,958,756	5,160,715
Opening Shareholders' Funds	110,543,350	105,382,635
<b>Closing Shareholders' Funds</b>	<b>120,502,106</b>	<b>110,543,350</b>

### 13 Immediate and ultimate parent company

The immediate parent undertaking is Burberrys Limited, which is registered in England and Wales.

The ultimate undertaking and controlling party is Burberry Group plc which is the parent undertaking of the smallest and largest group to consolidate these accounts. Burberry Group plc is registered in England and Wales and copies of the consolidated accounts can be obtained from the Company Secretary at Burberry Group plc, Horseferry House, Horseferry Road, London SW1P 2AW.